

## **Affordable Housing Impact Statement**

### **Z-18-49**

#### **Requirements**

Per the requirements of the City of Atlanta, Georgia Code of Ordinances, Chapter 54, Article I, Section 54-2, Affordable Housing Impact Statements shall include a quantitative or numeric section that shall provide numeric estimates of impacts, quantifying numbers of units impacted at certain levels of Area Median Income (AMI) over the 30-year period following the enactment of the legislation; and a narrative section to provide an explanation of the analyses that led to the estimates.

#### **Narrative Section**

The ordinance would change the zoning from R-4A to 4G2 for property located at 471 English Avenue. This paper was introduced by a Councilmember, meaning that there is no rezoning application and accompanying materials with details on the development. However, Invest Atlanta has indicated that they are working with a nonprofit organization that will develop 4 units for rent in a quadruplex on the site. The site currently has a vacant apartment building on it.

#### **Quantitative/Numeric Section**

This legislation, if enacted, is estimated to have a projected impact upon the affordable housing stock of the City of Atlanta over the 30-year period following the enactment of the legislation by:

Adding   0  , preserving   0  , or decreasing   0   units affordable at 30 percent or below of the Area Median Income (AMI); and

Adding   0  , preserving   0  , or decreasing   0   units affordable between 30.01 and 50 percent of AMI; and

Adding   4  , preserving   0  , or decreasing   0   units affordable between 50.01 and 80 percent of AMI; and

Adding   0  , preserving   0  , or decreasing   0   units affordable above 80 percent of AMI.

#### **Impact**

The nonprofit organization plans to set rents that are affordable to households between 50% and 80% of AMI as part of its goal to develop workforce housing in the surrounding neighborhood. Therefore, 4 units of housing will be added that are affordable to households between 50.01 and 80% of AMI as a result of this rezoning. There will be no preservation or decrease of units because the current housing stock is vacant, and a new structure will be created in its place.

The methodology below is used to determine the affordability of the proposed units for households at certain percentages of AMI.

**Methodology for Calculating Affordability**

The affordability of units at various levels of AMI, whether for rent or sale, is calculated by first examining the income limits provided by the US Department of Housing and Urban Development (HUD). These income limits are published annually for each Metropolitan Statistical Area (MSA). The income limits provided by HUD in April of 2018 for the Atlanta MSA are shown below:

<b>INCOME LIMITS BY HOUSEHOLD SIZE, FY 2018</b>						
<b>(BASED ON HUD’S AMI OF \$74,800 FOR THE ATLANTA MSA, RELEASED APRIL 2018.)</b>						
Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% AMI Limit	\$15,750	\$18,000	\$20,780	\$25,100	\$29,420	\$33,740
50% AMI Limit	\$26,200	\$29,950	\$33,700	\$37,400	\$40,400	\$43,400
80% AMI Limit	\$41,900	\$47,900	\$53,900	\$59,850	\$64,650	\$69,450

To determine the affordable rent or home sales price for households at each level of AMI, the following three assumptions are made:

- 1) Rental housing is affordable when it costs no more than 30% of a household’s gross income. Households that pay more than this toward housing costs are considered cost-burdened by HUD.
- 2) Homeownership units are affordable when the purchase price is no more than three times a household’s annual income.
- 3) An average of 1.5 persons will reside in each bedroom of a residential unit.

Following this, the number of persons estimated to live in units with different numbers of bedrooms is determined by multiplying the number of bedrooms by 1.5. See the table below for this calculation:

<b>CALCULATION OF ASSUMED HOUSEHOLD SIZE FROM UNIT BEDROOM COUNT</b>					
Number of Bedrooms	0	1	2	3	4

Assumed Household Size	1	1.5	3	4.5	6
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This income limit is then taken for the household size that corresponds to the number of bedrooms in the unit, as show in the table above. If the assumed household size is not a whole number, the income limits that correspond to households for the nearest two whole numbers are averaged.

Affordable Rent Calculation

The calculation of affordable rents is determined by first identifying the income limit for the household size using the methodology shown above. Following this, the income limit is multiplied by 0.3 to cap rent at 30% of household income, divided by 12, and rounded up to the nearest whole number to find the monthly maximum rent. See the examples below.

Studio/Efficiency Calculation for 80% of AMI

0 Bedroom (1.5 Person) = 1 Person Income Limit

$$41,900 (0.3) = 12,570$$

$$12,570 / 12 = 1,047.50$$

Rounded up = \$1,048 maximum rent

1 Bedroom Calculation for 80% of AMI

1 Bedroom (1.5 Person) = 1.5 Person Income Limit

$$(41,900 + 47,900) / 2 = 44,900$$

$$44,900 (0.3) = 13,470$$

$$13,470 / 12 = 1,122.50$$

Rounded up = \$1,123 maximum rent

The following rent limits would apply under this methodology:

<b>AFFORDABLE RENTS, FY 2018</b>					
<b>(BASED ON HUD'S AMI OF \$74,800 FOR THE ATLANTA MSA, RELEASED APRIL 2018.)</b>					
Number of Bedrooms	Studio/ Efficiency	1 BR	2 BR	3 BR	4 BR

30% AMI	\$394	\$422	\$520	\$682	\$844
50% AMI	\$655	\$702	\$843	\$973	\$1,085
80% AMI	\$1,048	\$1,123	\$1,348	\$1,556	\$1,736

**Disclaimer Statement**

Please be mindful that any analysis of the legislation is based on a summary of the information provided by the Applicant who requested the rezoning/land use amendment and in some cases, on public real estate data obtained from the Internet. In the case of a personal paper introduced by a Councilmember, any analysis is based on a summary of information obtained from the Department of City Planning staff and the Internet. The analysis does not extend through the next 30 years as required by the City of Atlanta, Georgia Code of Ordinances, Chapter 54, Article I, Section 54-2 because it is impossible to estimate the affordability of market-rate housing beyond the initial lease-up or sale of the units. In addition, any changes to a zoning/Land Use will apply to any future developments, not just the initial development proposed by the current Applicant. Therefore, the Office of Housing and Community Development cannot estimate any future development that may take place on parcel(s) not within this Applicant’s scope of work.

With respect to the accuracy of any and all initial estimates of affordability, the estimates that are provided for initial developments are largely dependent on the honesty of Applicants and their willingness to provide the most accurate available data. Data on potential rent, sales price, units to be constructed, the number of bedrooms per unit, etc. are subject to change as developers assess market conditions prior to and throughout construction. Therefore, this data should not be used as a basis to form any quantitative conclusions. For data that may better reflect Applicant’s final building plans, please refer to the issued building permit.